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Chairman Schumer, Ranking Member Crapo and other Members of the Subcommittee, thank you for inviting me to testify before you today on proposals to reform the housing voucher program.

I am George Moses, and I am Chair of the Board of Directors of the National Low Income Housing Coalition (NLIHC), which I am representing today. I am also on the Board of Directors of the Housing Alliance of Pennsylvania.

I lived in project-based Section 8 properties between 1990 and 2006. I was elected Chair of the National Low Income Housing Coalition in 2006 and am the first tenant representative to serve in this role.

The National Low Income Housing Coalition's members include non-profit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. The National Low Income Housing Coalition (NLIHC) does not represent any sector of the housing industry. Rather, NLIHC works only on

behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems. NLIHC is entirely funded with private donations.

The National Low Income Housing Coalition strongly supports the housing choice voucher program, and we are pleased that the Subcommittee is having a hearing on this critical program. The voucher program is HUD's most deeply targeted rental assistance program. Unlike too many other federal housing programs, the resources of the voucher program are targeted to those who need it most -- extremely low income households (those with incomes below 30% of area median) (ELI). Fully 75% of a public housing agency's (PHA) vouchers must serve these extremely low income households.

The voucher program's income targeting also matches well with the affordability needs. The vast percentage of households with affordability problems has extremely low incomes (ELI, incomes below 30% of area median). In Pennsylvania, 74% of renters paying more than 50% of their incomes on rent are ELI households. In Pittsburgh, 82% of households paying more than half of their incomes on rent have incomes below \$18,000 a year, 30% of area median income.

In 2005, the National Low Income Housing Coalition held a voucher summit in direct response to the Bush Administration's undermining of the voucher program, which began in earnest in April 2004 when HUD changed the formula for distributing voucher renewal funds to voucher administrators. Even though Congress fully funded the voucher program for FY04, the administration found a way to distribute the funds in such a way that many public housing agencies and other voucher administrators were left without sufficient funding to either maintain

voucher payment standards at their current levels or reissue used vouchers to the next households on their waiting lists. By 2007, the nation's voucher program had shrunk by 150,000 households while housing needs increased dramatically.

The voucher summit was attended by sixty-six voucher stakeholders, including voucher holders and representatives from advocacy groups, public housing agencies and their trade groups, affordable housing developers, housing finance agencies, HUD, the Office of Management and Budget, financial institutions and congressional policy and appropriations staff from houses and both sides of the aisle. Each organization at this witness table had a representative at the voucher summit.

NLIHC is extremely pleased that S. 2684, the Section 8 Voucher Reform Act of 2008, includes many of the provisions recommended by the 2005 voucher summit. The policy recommendations produced by the voucher summit on income targeting, funding, inspections, portability, rent simplification, project-basing vouchers and enhanced vouchers are all reflected in S. 2684.

The National Low Income Housing Coalition believes that S. 2684 will restore credibility and reliability in the voucher program so that Congress can expand the number of new, incremental vouchers in circulation. For the first time since FY02, Congress appropriated resources for new vouchers in FY08. NLIHC supports these new vouchers and looks forward to working with the Senate to expand this commitment.

### **Voucher Funding**

The first reason to enact voucher reform legislation is to fix how voucher renewal funding is distributed. In the HUD FY07 and 08 appropriations bills, such fixes were adopted only for those fiscal years, leaving voucher administrators to wonder what would happen in future fiscal years. Voucher holders, housing agencies, and landlords deserve the stability that comes from the adoption of a new permanent funding formula through the authorization process. NLIHC supports the bill's reliance on actual voucher leasing and cost data in the last calendar year, with appropriate adjustments, to determine each agency's share of annual appropriations.

### **Rents**

NLIHC supports the rent simplifications in the bill. The rent simplification provisions reduce the PHA's administrative burdens while maintaining the affordability of voucher assisted housing. The provisions in the bill will help ensure that residents pay no more and no less for rent than they are required. We are also pleased that the bill does not include provisions similar to those in the House voucher reform bill allowing voucher agencies to establish alternative rent structures.

We appreciate the reporting of rent burdens above 30% and 40% of income to Congress and, especially, that housing agencies must act to increase their payment standards if high rent burdens are found. NLIHC also supports the bill's changes to how fair market rents (FMRs) are set, requiring HUD to establish FMRs for each county in the country. We think that this change will allow FMRs to reflect more accurately actual rents in local markets, thus, keeping the program viable in every market. Affordability, ensuring that voucher holders pay no more than 30% of their adjusted income for rent, is one of the cornerstones of the voucher program. The rent burden and FMR requirements will keep the voucher program affordable.

## **Portability**

Mobility is another cornerstone of the voucher program. Vouchers should not lock families into certain neighborhoods or communities. The current system for porting vouchers from one administering agency's geographic area to another's is broken and in need of urgent repair for the sake of both the tenants and the administering agencies. With some safeguards for lack of funding, S. 2684 would require receiving agencies to absorb incoming vouchers. The phasing in of this requirement is prudent and will hopefully result in a reliable, long-term portability mechanism.

### **Enhanced Vouchers**

NLIHC supports statutory language to ensure that families eligible for enhanced vouchers can remain in the development that is their home, even if their units are over-sized. The Senate bill's prohibition on rescreening of families eligible for enhanced vouchers will protect families from losing their homes.

# **Other Screening of Residents**

NLIHC greatly appreciates the bill's attention to the scope of voucher eligibility screenings and the due process rights of current and prospective voucher holders. In addition to the very good provisions limiting applicant screenings to criteria directly related to an applicant's ability to fulfill the obligations of an assisted lease, NLIHC also supports S. 2684's provision to prohibit additional screening of public housing residents who must relocate due to demolition or

National Low Income Housing Coalition, 727 15<sup>th</sup> Street, NW, 6<sup>th</sup> Floor, Washington, DC 20005, www.nlihc.org disposition. The demolition and disposition of public housing are increasing rapidly and

residents must be protected as much as possible.

## **Project-Basing Vouchers**

The bill includes many provisions to update and expand the project-basing of housing vouchers. There is a desperate need for housing affordable to voucher-eligible families. NLIHC is certain that the bill's changes will help to close the 2.8 million unit gap in the number of extremely low income households in the United States (9 million) and the number of existing units affordable to them (6.2 million). (National Low Income Housing Coalition, *Housing at the Half: A Mid-Decade Progress Report from the 2005 American Community Survey*, February 2008, <a href="http://www.nlihc.org/doc/Mid-DecadeReport\_2-19-08.pdf">http://www.nlihc.org/doc/Mid-DecadeReport\_2-19-08.pdf</a>)

The bill's authorization of "preservation project-based vouchers" where a project owner can request preservation vouchers, instead of tenants receiving enhanced vouchers, could be extremely helpful in maintaining the long-term affordability of these projects.

### **Performance Standards**

NLIHC supports the inclusion of a requirement that HUD establish performance standards for the administration of the voucher program, and in particular, NLIHC commends the inclusion in S. 2684 of the requirement that compliance with income targeting be part of such standards.

## **New Vouchers**

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The Senate's voucher reform bill authorizes 20,000 new vouchers a year for the next five years. Every family that ultimately receives one of these vouchers will have access to safe, decent and affordable housing. But, these additional vouchers are simply not enough. This is a bold bill that makes major improvements to most every aspect of the voucher program. NLIHC strongly believes that these improvements should allow for a much larger expansion of the voucher program. NLIHC supports 100,000 new vouchers a year for the next five years. At such a level, new vouchers could have a significant impact on the nation's housing crisis.

### **Moving to Work**

As we have communicated to Senator Dodd, we are pleased that S. 2684 does not include provisions to extend or expand HUD's Moving to Work (MTW) demonstration program. NLIHC is very concerned about any extension of current MTW demonstration agreements or any expansion of the MTW program and we urge the Committee not to include MTW extensions and expansion in the bill it marks up.

This is a demonstration program, begun in 1996, that has never been evaluated, nor can it be evaluated. The HUD Inspector General found, in 2005, that HUD did not design the MTW program to collect any data. Instead, HUD relied on its existing systems to collect data. But, the report says, "the existing system could not accept tenant information and was not adapted in time to support the interim evaluation and, as a result, HUD was not able to collect tenant information needed to measure interim program impact on costs, family self-sufficiency, and housing choices as planned."

The report found that, "HUD's evaluation could not cite (1) statistics showing MTW demonstration activities could be considered models for reducing costs and achieving greater cost-effectiveness, promoting resident employment and self-sufficiency, and increasing choice for low income households, and (2) comparative analyses intended to show the impact of program activities and importance of individual policy changes... We recommend the Office of Public Housing Investments develop a means to collect performance information needed to evaluate Public Housing/Section 8 Moving to Work Demonstration housing authority accomplishments and determine whether any replicable models exist." (*Design and Implementation of Public Housing / Section 8 MTW Demonstration Program*<a href="http://www.hud.gov/offices/oig/reports/internal/ig500001.pdf">http://www.hud.gov/offices/oig/reports/internal/ig500001.pdf</a>) Given the lack of proof that the program is accomplishing any of its goals, expansion of the program seems ill-considered.

Several other HUD Inspector General reports have also been extremely critical of MTW implementation by specific public housing agencies:

• The Housing Authority of the City of Baltimore was found to have received MTW status even though it applied 31 months after the deadline with an incomplete application that lacked the required public comment period and public hearing. Further, in granting the application, HUD disregarded Baltimore's status as a troubled agency from 2001 to 2003 and, under SEMAP, in 2004. (The U.S. Department of Housing and Urban Development Improperly Admitted the Housing Authority of Baltimore City, Baltimore, MD, into the Moving to Work Demonstration Program,

www.hud.gov/offices/oig/reports/internal/ig630002.pdf)

- The Housing Authority of the City of Pittsburgh, my home town, was found to have stockpiled more than \$81.4 million of HUD funding during the first four years of its MTW status, all completely legally under MTW rules. Meanwhile, the Pittsburgh housing agency did nothing to modernize its 6700 public housing units and it failed to serve 3,000 families waiting for vouchers. According to the HUD Inspector General, "The relaxation of requirements under Moving to Work allowed the Authority to plan and execute a minimal modernization plan without penalty." Pittsburg Real Estate Assessment Center (REAC) scores were extremely low: in 2003, 16 of 44 developments (36%) had physical inspection scores below 70 (out of 100). (Housing Authority of the City of Pittsburgh, PA, Did Not Effectively Implement Its Moving to Work Demonstration Program http://www.hud.gov/offices/oig/reports/files/ig531008.pdf)
- In Philadelphia, the housing authority's participation in MTW was criticized because HUD accepted this agency into the MTW program without carefully evaluating the agency's past poor performance in utilizing housing vouchers. A previous HUD Inspector General report on the Philadelphia Housing Authority found very low voucher utilization rates there: in 1999 the agency had a 87.2% utilization rate and it declined from there with a 84.6% rate in 2000; a 77.8% rate in 2001 and a 76.8% rate in 2002. The PHA submitted its application for MTW in 2000 and it was approved in 2002. Despite PHA's poor performance, no restrictions were placed on it in the MTW agreement. (HUD's Oversight of the Philadelphia Housing Authority's MTW Program <a href="http://www.hud.gov/offices/oig/reports/internal/ig430003.pdf">http://www.hud.gov/offices/oig/reports/internal/ig430003.pdf</a>)

In March 2007, fourteen national organizations (Consortium for Citizens with Disabilities Housing Task Force, Lawyers' Committee for Civil Rights, Leadership Conference on Civil Rights, National AIDS Housing Coalition, National Association for the Advancement of Colored People (NAACP), National Coalition for the Homeless, National Council on Independent Living, National Fair Housing Alliance, National Housing Law Project, National Law Center on Homelessness & Poverty, National Low Income Housing Coalition, National Urban League, Poverty & Race Research Action Council and the Technical Assistance Collaborative) wrote to Senator Dodd, saying, "We see expanding MTW to other PHAs as an off-target response to the real problem of federal disinvestment in public housing." The letter described MTW as a block grant that gives housing agencies broad flexibilities to separate income from rents, leaving open the likelihood that rents could be raised far above what residents with extremely low incomes can afford (a copy of the letter is attached to this testimony).

NLIHC's position, as outlined in this letter and supported by at least the national groups listed above, is that MTW should not be expanded to include other housing agencies and that current MTW agreements should not be extended unless the following conditions are met:

- There must be full enforceability of residents' rights as provided by the U.S. Housing Act and HUD regulations.
- There must be no waiver of full portability rights for all households.
- There must be no waiver of any fair housing related requirements.
- There must be in place at the onset new, common data compilation and evaluation mechanisms, so that each program is subjected to the type of evaluation promised.

- Additional protections are provided for current and potential residents, including
  protections from unaffordable rents. Any determination of high rent burdens for MTW
  households would have to be followed by changes in rent policies to keep rents
  affordable for each household.
- No residents should be subjected to self-sufficiency provisions tied to leases and work or other threshold screening requirements tied to housing eligibility.
- Current income targeting should be maintained with no exceptions.
- Residents must also have a seat on the PHA board, be able to establish a resident advisory board and retain grievance and termination procedures.
- The PHA must continue to assist substantially the same number of families under the
  program as assisted in the year prior to MTW selection and continue to assist a
  comparable mix of families by family size.
- Those MTW PHAs that have been the subjects of HUD Inspector General MTW audits
  must prove their compliance with the program rules before their MTW status can be
  extended.
- If it is determined during the process of evaluation that a MTW PHA is imposing policies that are harmful to low income tenants or are otherwise found to be mismanaging their portfolios, its MTW status should be terminated.
- An independent accreditation agency, separate from HUD, should be created and charged with determining whether MTW programs have met their goals.

Current residents, as well as extremely poor people in need of affordable housing, must be protected from MTW's worst outcomes, including shifting scarce resources to higher income

National Low Income Housing Coalition, 727 15<sup>th</sup> Street, NW, 6<sup>th</sup> Floor, Washington, DC 20005, www.nlihc.org groups, implementing unaffordable rents and requiring draconian time limits and work requirements, all of which have occurred at current MTW sites:

- The San Antonio, TX housing authority used its MTW authority to adopt a policy of no admissions for zero income households.
- The Keene, New Hampshire housing authority used its MTW authority to implement changes in rent policies, which applied to all public housing residents and new voucher holders. (Elderly and disabled residents could chose to stay with the income-based rent policy.) Keene's 2005 MTW report shows that the number of households paying more than 30% of their incomes toward rent increased from 26% in 1999 to 41% in 2005. Keene's stepped rent policies have the effect of turning subsidized, affordable rents into unaffordable rents that approach market rates.
- The Housing Authority of Tulare County (HATC), in Visalia, CA, used its MTW authority to institute five year time limits. As of 2006, several hundred families had time-limited out of the HATC. These were likely HATC's most vulnerable families.

Under MTW, some housing agencies may have undertaken creative new approaches that hold promise. However, others have used MTW to suspend income targeting requirements that assure that those with the most serious housing needs are served and increase tenant rents beyond the point of affordability. In any event, without adequate review we simply do not know if any of these actions have achieved any of the three MTW objectives of reducing program costs, promoting tenant self-sufficiency, and increasing tenants' housing choices. Further the broad

National Low Income Housing Coalition, 727 15<sup>th</sup> Street, NW, 6<sup>th</sup> Floor, Washington, DC 20005, www.nlihc.org waivers applicable to this program make it difficult for HUD to administer the program in any

systematic way.

**Enact SEVRA and the National Housing Trust Fund** 

Again, we believe that S. 2684 is an extremely important bill, and we urge its swift enactment.

We would also like to urge you to take up the National Affordable Housing Trust Fund of 2008,

S. 2523, with all deliberate speed. This legislation would create an off-budget housing trust fund

to produce and preserve housing for our nation's lowest income people. The bill was introduced

in December, and we hope that it can move forward quickly. We urge all Senators to join their

Subcommittee colleagues Senators Schumer, Reed and Menendez in cosponsoring this

legislation.

Thank you for considering my remarks.

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